

Homeowner help in Albany

Guv's bill would provide relief to those struggling, and future buyers

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The signs are all around us - foreclosure signs and "for sale" signs that linger too long outside homes in our neighborhoods. The subprime lending crisis and its effects on the residential housing market are still playing out. So one of the most important bills Albany lawmakers can pass before the end of the session on Monday is Gov. David Paterson's plan to protect today's at-risk homeowners, as well as future buyers.

The bill would begin by adding safeguards for people facing foreclosure, an increasingly likely situation for a number of Long Islanders. According to data from the Federal Reserve, during the next 16 months, 5,531 mortgages will "reset" to a higher monthly payment in Suffolk County; 3,948 will do so in Nassau.

Paterson's bill would require 60 days' notice before lenders begin legal action - there's currently no standard. The notice would tell borrowers how to contact a credit counselor and arrange a meeting with the lender and a judge. The borrower could be assigned legal counsel. Today, half of all foreclosures go through with no such settlement meeting.

The bill would also establish new lending standards for higher-risk mortgages, holding lenders to a duty to ensure that borrowers can repay, even if property values don't climb. The banking industry, one type of mortgage lender, argues that it's regulated enough. But similar standards have passed in Ohio and in North Carolina, the third-largest banking state, without crunching credit.

The Assembly is advocating for a one-year moratorium on foreclosures to give homeowners room to breathe. We have reservations about this measure: It could leave homes stranded and abandoned for too long, dragging down surrounding property values. But if the governor's far-reaching reforms don't pass, the moratorium may need to be considered. Let's not hang a "closed for business" sign on the statehouse until borrowers get some needed help.